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ABSTRACT

This paper, a resource for vocational and adult education teachers who teach entrepreneurship education, reviews selected literature on entrepreneurship published since 1970. It includes periodicals, monographs, books, and miscellaneous publications produced by the U.S. Small Business Administration and similar organizations. The literature reviewed is synthesized into guidelines for use by vocational educators responsible for teaching entrepreneurship skills. The paper organizes the synthesized literature into these five chapters: (1) characteristics of entrepreneurs, (2) industry selection factors, (3) getting started in an industry, (4) the entrepreneurial industry, and (5) learning how to be an industry entrepreneur. Each of the chapters begins with an introduction to the topic with some support from the literature. A list of suggested activities follows, and the chapter concludes with a brief summary. A bibliography of printed materials for and about entrepreneurs is included in the document. (KC)

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ENTREPRENEURSHIP: A CAREER ALTERNATIVE

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1983

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TABLE OF CONTENTS

Page

FOREWORD v

EXECUTIVE SUMMARY vii

INTRODUCTION 1

CHARACTERISTICS OF ENTREPRENEURS 5

INDUSTRY SELECTION FACTORS 11

GETTING STARTED IN AN INDUSTRY 15

THE ENTREPRENEURIAL INDUSTRY: COMMUNICATION, STABILIZATION, AND GROWTH 10

LEARNING HOW TO BE AN INDUSTRY ENTREPRENEUR 23

APPENDIX: WRITTEN SOURCE MATERIAL FOR ENTREPRENEURS 25

- Books and Reading Material for the Entrepreneur 25
- Instructional Materials for the Vocational Educator Responsible for Teaching Entrepreneurial Subjects 26
- Publications from U.S. Small Business Administration 29
- Entrepreneurial Magazines 30
- Related Business Magazines 30
- Newspapers 30
- Related Weekly News Magazines 31
- Additional Publications 31
- Periodicals 32

REFERENCES 33

FOREWORD

Entrepreneurship: A Career Alternative investigates the relevant entrepreneurship literature to provide vocational and adult educators with resources for teaching entrepreneurial skills. Included is information about (1) personal characteristics of entrepreneurs, (2) factors to consider in selecting entrepreneurial ventures, (3) how to start entrepreneurial endeavors, (4) communication needs of entrepreneurs, (5) stabilization and growth of entrepreneurial organizations, and (6) learning how to become an entrepreneur.

The profession is indebted to Dr. Garth A. Hanson for his scholarship in preparing this paper. Dr. Hanson is an associate professor of information management in the Graduate School of Management at Brigham Young University. He was formerly an associate professor in the Vocational Education Studies Department at Southern Illinois University, specializing in business education.

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Robert E. Taylor
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in Vocational Education

EXECUTIVE SUMMARY

Opportunities for self-employment have always existed in this country. Such opportunities, however, are currently becoming more widely available. The growth of technology, the wide availability of home computers, and the increase in information available to individuals all lead to increased entrepreneurial opportunities.

Vocational programs—especially in the areas of agriculture, electronics, building trades, mechanics, home economics, and business—have played a significant role in preparing entrepreneurs for the marketplace. Those who consider starting their own businesses generally have similar characteristics: good health, superior conceptual abilities, self-confidence, perseverance, imagination, and a competitive spirit. A successful entrepreneur needs a high level of energy, a positive self-image, good communication skills, flexibility, and effective decision-making skills.

When deciding to start a business, one must look for marketable ideas, select one with real potential, identify the resources necessary to begin the venture based on the idea selected, evaluate the competition, and decide whether or not to go ahead. Once the decision to start a business is made, an individual must draw up a plan of action, get legal and financial advice, acquire capital, locate and prepare facilities, obtain inventory, hire employees, and assign tasks. To be able to keep the business going, the entrepreneur must polish communication skills, establish a steady business development pattern, establish a planning cycle, hire employees carefully; keep accurate records, keep bookkeeping work current, and confer frequently with the accountant.

Education, mostly self-directed, is important to the entrepreneur. Reading about business matters on a daily basis, association with others in similar businesses, involvement in civic organizations and activities, and class as well as seminar attendance are all recommended. Many books, pamphlets, magazines, and newspapers are available to the practicing entrepreneur, the would-be entrepreneur, and to the teacher of the entrepreneurs of the future. Instructional materials are also available for vocational educators. This is an application paper aimed at vocational education teachers and administrators and adult education instructors and supervisors who will be able to use these materials as resources and incorporate them into their curriculum and training programs.

Vocational and adult educators have the opportunity to teach entrepreneurial skills to regular and night students of all ages. The purpose of this publication is to provide a resource for these teachers so that entrepreneurs will have access to the experiences of others. Some publications are available with a focus for entrepreneurial industries. Perhaps this publication can be used as a guide for information and encouragement to those seeking such help.

In specific terms, the purpose of this paper is to—

- review some selected relevant literature on entrepreneurship published since 1970, including periodicals, monographs, books, and miscellaneous publications produced by the U.S. Small Business Administration and similar organizations;

- synthesize the available literature into guidelines for use by vocational educators responsible for teaching entrepreneurial skills;
- organize the synthesized literature into five specific categories:
  - —Characteristics of Entrepreneurs
  - —Industry Selection Factors
  - —Getting Started in an Industry
  - —The Entrepreneurial Industry: Communication, Stabilization, and Growth
  - —Learning How to Be an Industry Entrepreneur
- provide a bibliography for researchers and readers interested in the area of entrepreneurship.

Each chapter in the document begins with an introduction to the topic with some support from the literature. A list of suggested activities follows and the chapter concludes with a brief summary. The Appendix contains many resources for information that can help the entrepreneur develop business skills.

There is a need for specific training in entrepreneurship. This paper will aid in improving or implementing entrepreneurship programs. It also will enable the would-be entrepreneur to gain knowledge of important issues.

INTRODUCTION

> We went public yesterday, I'm a million and a half dollars richer, and it's totally unimportant. Isn't that weird? What I really enjoy is growing the company, growing people within the company, accepting the challenge of being out here, competing against other companies, and making an impact. (Collins 1982, p. 140)

Lore Harp, a thirty-seven-year-old company president, made that exciting declaration in 1981 as she saw the fulfillment of her dream. She turned a $6,000 investment into a $25 million company in five short years and has a realistic potential of reaching $200 million in sales by 1985. It all started in her home when she asked her neighbor to help in the marketing of a computer memory board that Harp's husband had developed. People who make these kinds of dreams come true are called entrepreneurs.

No one knows why some people are obsessed with the need to own and operate a business. President Ronald Reagan was quoted on the subject when he was campaigning for the presidency: "The success of our economy is critically dependent upon the preservation of real opportunity for small business" (Rhodes and Jakobson 1981, p. 35). Later in the same article he talked about reducing income taxes "to encourage entrepreneurship and investment." As Rhodes and Jakobson also noted, entrepreneurship is a powerful tide that is rising.

> Entrepreneurship is all over the place. It's an offshoot of the mood of the '60s. People are more concerned with their individuality. The way I look at it, you take a very high risk if you decide to stay with the management of a large company. It's a lot riskier than starting your own small business. If you stay, you're dependent on so many things for upward mobility: You've got to do a good job, wait until the right people die off, hope that the company does well, beat out the other 400,000 people who want the same position, and pray there's not a sudden management change just as you get in line for a promotion. (p. 35)

Starting your own business is a hazardous process. It takes people with courage, energy, knowledge, and the strength to survive; not to mention the "luck of the draw" that must accompany most successful survivors.

Success for an entreprenurial industry, even survival, depends more and more on business knowledge. The day of the community filled with cottage and "mom-and-pop" enterprises is no more. The role of the entrepreneurial industry is that of filling gaps around the corporate giants, often taking what work the "giant" does not want and often on a short-term basis.

Here is one example. In one Western town of 15,000 people, not one grocery store belonged to a chain as late as 1960. Main Street was loaded with three-to five-employee food stores. Many of the owners of these businesses lived within a city block of the "store."

Town leaders invited a large chain food store to enter, and within a matter of months not one of the small grocers was in business. Twenty years later, the town boasts several chain outlets, and

those entrepreneurs who once "owned" Main Street are either working for the chains, retired, or in some other business. Like these entrepreneurial grocers, many such industries are a risky investment of both time and money. Entrepreneurs must be flexible if they are to survive.

Technology is playing a major role in today's market. Along with this advanced technology, however, there exists a need for education and the sharing of ideas. David Gumpert in his 1982 *Harvard Business Review* article talks about the development of the field of entrepreneurship:

> Despite all the talk of recession and a hostile business climate, interest in entrepreneurship has never been keener. The number of business incorporations has more than doubled since 1975; all levels of government have devised special programs to assist entrepreneurs; and hundreds of colleges now offer courses on operating small businesses. (p. 50)

Enter vocational education. A much too quiet resource for entrepreneurs is already in place. In fact, in some areas this resource has been doing a good job of educating the owners of small businesses for many years. For example, almost every agricultural area in the United States has been touched by the vocational agriculture programs in the schools. These programs teach the basics of operating entrepreneurial industries in the agricultural area like no others can.

In other vocational programs, carpenters have learned how to own and operate their own businesses; electrical industries have been started in one home garage after another through vocational instruction. Students in business classes have learned business skills and, in many cases, have teamed up with spouses to create a "mom-and-pop operation." Thousands of students have received training from vocational educators in health-related fields, in home economics areas, and in myriads of other technically related industries. These vocational programs, the hundreds of courses offered by colleges and universities, adult education programs, and the expanding literature base on small business ownership are having considerable impact on the entrepreneurial aspirant.

Even with all of this support for entrepreneurship, however, the success or failure of the operation lies primarily in the human element of the industry. This is where vocational education does its work. A decision made at the right time together with the appropriate resources makes or breaks that small industry. Entrepreneurs pay a very high price for this opportunity for success. In 1981, the *U.S. News and World Report* published an article about the personal loss felt by those entrepreneurs who fail, then go into bankruptcy. Could these people have been educated to succeed?

One entrepreneur described his sense of failure following the demise of his carpet business. He had put everything into the business—his knowledge, his energy, and his family time in trying to make the business succeed. He described how it happened:

> I missed the pickup truck payment due on the first, and they came and took the truck on the 19th. They just came to the house at midnight and took it. ("Personal Bankruptcy: It's Almost like Death" 1981, p. 93)

This situation often occurs to the entrepreneur and it takes its toll. Curiously, however, the entrepreneur often continues working in the same or a similar buinsess—just waiting for another opportunity to start something new. The person mentioned previously concluded his story with this statement.

> In the meantime, I'm back in the carpet business—as a salesman. The man I work for talks about opening a wholesale place, and if he does, I hope to manage it. (Ibid., p. 93)

With little question, the next step for this entrepreneur is to move into his own store a second time, at the earliest opportunity.

Vocational and adult educators have the opportunity to teach entrepreneurial skills to regular and night students of all ages. The purpose of this publication is to provide a resource for these teachers so that entrepreneurs will have access to the experiences of others. Some publications are available with a focus for entrepreneurial industries. Perhaps this publication can be used as a guide for information and encouragement to those seeking such help.

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CHARACTERISTICS OF ENTREPRENEURS

> What are the characteristics of a person who can succeed in an entrepreneurial venture? It is difficult to create a list of specific characteristics. Most authors agree that no two individual entrepreneurs are the same. They also agree that most of these characteristics are either very tough or are impossible to teach. (Stanford 1982, p. 8)

Fortunately, most fledgling entrepreneurs, whether naturally inclined or not, can succeed. Cooper, in *Entrepreneurship: Starting A New Business* (1980), suggested that there are many ways to help people along entrepreneurial paths:

> There are some who think that people who start businesses—entrepreneurs—are born, not made. Yet, the study of company founders suggests that a variety of experiences which people have may make them more or less likely to start their own businesses. These experiences may involve their families, or take place in school or on the job. (p. 2)

A discussion of several dominant characteristics found in successful entrepreneurs follows. Some seem to be more important than others, but all are not essential for success. All entrepreneurs have some of these characteristics, but few possess all of them.

The literature refers to the individual characteristics needed by entrepreneurs through both examples and specific lists. Many of these materials describe what entrepreneurs do and how they are affected by the desire to work for themselves. Some important characteristics found in the owners of successful small businesses have been noted by Stanford (1980):

- Good physical health
- Superior conceptual abilities
- Broad thinking
- High self-confidence
- Strong drive
- Basic need to control and direct
- Moderate risk-taking abilities
- A strong sense of reality
- Moderate interpersonal skills
- Sufficient emotional stability

- Low need for "status" (p. 9)

As noted in Stanford (1982), Feinberg suggests that entrepreneurs have the following characteristics:

- Putting a high value on success
- Emotional involvement with the enterprise
- Perseverance
- Imagination
- Competitiveness (p. 9)

Morton Hunt (1982) suggests that an individual will need to do the following in order to succeed as an entrepreneur:

- Lead a well-rounded life
- Select a career one cares about
- Rehearse each challenging task mentally
- Seek results, not perfection
- Be willing to risk
- Don't underestimate one's potential
- Compete with oneself, not with others (pp. 85-88)

Some of these characteristics can be learned through formal education, others can be gained through experience with organized firms. Still others can be obtained through church, social work and/or community work. Entrepreneurial skills and characteristics cannot be neatly packaged and donated to an individual. A listing with a brief discussion of some of the more important elements of these characteristics follows.

- High energy level

  One of the most important characteristics for success in entrepreneurship is personal energy . . . the ability to get up early, work hard all day and well into the night, return to work early the next day, and still be enthused about the work. According to Murphy (1982a), "If there is one distinguishing feature among entrepreneurs, it is energy level. They have the capacity and willingness to work hard" (p. 121).

  It seems to be important for the entrepreneur to be able to survive with little sleep, with few if any vacations (especially in the early stages of the enterprise), and with little time away from the business. There are few success stories for cases in which the business owner maintains an "8 to 5" daily schedule five days a week.

Gillis (1980, p. 30) suggests that entrepreneurship "means working round-the-clock, no benefits, no sick days, no vacation, and—depending on your state's requirements—no unemployment compensation if you fail. It means sacrifice and availability." Murphy (1982a) also attests to the heavy demands on the entrepreneur's time: "Do you want to meet the entrepreneurs? Then take the 7 a.m. shuttle. The corporate managers are on the 8 o'clock plane" (p. 121).

- Positive self-image

  A positive self-image includes faith in oneself to succeed. According to Cooper (1980):

  People who start companies seem to have certain psychological characteristics. They believe that they can control their own destinies. They are less likely to think that forces beyond their control, such as luck or fate, will determine their success. (p. 2)

  To cultivate a successful self-image and still maintain the degree of humility necessary to succeed is difficult. One "eats a lot of crow" in operating a small organization. Things go wrong. Resources are usually limited, vendors are skeptical and tough to work with, initial facilities are usually limited, and the hours are long. One must feel good about oneself if success, growth, and stability are to come.

  Thomas P. Murphy (1982c) tells the story of an entrepreneur who struggled to find necessary capital from all possible sources only to have to return and tell his sixty-five employees that they were all fired. The business was simply going into bankruptcy. Murphy's story did have a happy ending although it was probably an ending riddled by ulcers and high blood pressure. The corporation somehow survived that trauma and is still in business and still growing. In Murphy's words, "now he owns it all—largely because he simply refused to give up. When I talked to him recently, he was bubbling with enthusiasm about his new product" (p. 116).

- Communication skills

  The entrepreneur must have oral skills to sell his or her product or service; interpersonal communication skills to create an internal organization; written communication skills to correspond, record, and maintain records; and listening skills to utilize all of the other skills effectively. Imagine the communication skills required in the transaction described by Lore Harp in her successful trail from the bottom to the top.

  What really amuses me today, considering we started with $6,000, a lot of enthusiasm, and knowledge that we would succeed (which buys you practically nothing), is that we were able to negotiate 30-day credit terms with the vendors—with no assets. (Collins 1982, p. 142)

- The ability to analyze the potential success of a product/service/idea

  A need and a market must exist for a product or service. An entrepreneur with all of the discussed characteristics will not succeed if the product, service, or idea is not salable. Thomas P. Murphy (1982b) suggests that

  ideas . . . seem to fall into two categories: One is the critical-mass kind of idea. It is necessary to invest a great deal of money just to find out if the idea will work as a bus-

iness . . . the other kind of idea . . . is the "add-another-wing-to-the-motel" kind of business. That is, an idea that can be tested modestly and, if it works and the business grows, expanded. (p. 104)

One must carefully analyze the product to determine its true salability. Many persons' life savings have been lost because of an idea that had no chance of success from the beginning. The entrepreneur was too close to the idea to evaluate it objectively. Successful entrepreneurs know that it is important to test the idea. The more information available, the better the game that will be played.

- Flexibility and resiliency

There are few things harder than watching a great idea that has been nurtured for decades go up in smoke. The entrepreneur must adjust to the rewards and pitfalls of being in the marketplace. Good mental health is part of this. Many people need the stability of a solid job with an established, reputable firm and a steady paycheck. There is nothing wrong with having these feelings, but they are not the types of feelings an entrepreneur should have. Not all entrepreneurs succeed. Many fail. The survivor is one who can withstand the blow of defeat and come back with a new product or service as well as with renewed optimism and enthusiasm. The *U.S. News and World Report* ("Personal Bankruptcy" 1981) reported the following in its November 30, 1981 issue. The article is morbidly entitled "Personal Bankruptcy: It's Almost Like Death."

> It was the hardest thing I've ever had to go through. You lose everything that you've worked for. At the same time, you feel like your hands are tied and there's nothing you can do about it. (p. 93)

In his *Forbes* article, Murphy (1982b) adds—

> Entrepreneurs can go bankrupt. They can wreck their health, their marriages, and their reputations. Not everyone can be an entrepreneur; not everyone should be. (p. 104)

- Decision-making skills

The very act of starting a small business requires a number of tough decisions, including financial decisions, family decisions, marketing and production decisions, and investment decisions. Many of these decisions must be made in rather short spans of time with limited information. Some researchers feel that entrepreneurs have to be born with the talent to do this successfully. Decision making is not easily learned, however, there is little question that experience seems to help. Tough decision makers are often known as being cold, heartless, and even cruel. In an interview for the *Harvard Business Review*, Lore Harp was told, "I bet you do have a reputation for being cold" to which she responded, "Oh, you bet. In Northern California they call me the Ice Maiden. When I heard that I said, 'Well, if the "Iron Lady" is good enough for Margaret Thatcher, the "Ice Maiden" is good enough for me'" (Collins 1982, p. 149).

- Interest in learning

One of the great changes that has occurred over the years for the entrepreneur is the need to know what is happening in the community. A few short years ago, an entrepre-

neur could establish a business and survive by going to work each day, making daily decisions, and not really worrying that much about things going on in the community. Today, the entrepreneur must know what the industry is doing and how much effect other competitors' actions have on that industry. The entrepreneur must read, study, communicate, and learn all that is available about the industry if he or she is to survive.

A good example of an area in which entrepreneurs need to keep up-to-date is the computer/word processing area. In an article entitled "Small Business and OA: The Romance of the Eighties" (Pomerantz and Williams 1982), there is a discussion of the business computer and its uses in small businesses. The article concludes with the following advice:

> The most important thing for a potential user to do is research—research his needs, the various office systems available, the alternatives to office automation and the vendors. . . . Get somebody who knows computers. . . . Either hire one or use a consultant, because you're going to spend a heck of a lot of money and if you get the wrong thing, you're stuck with it. (p. 30)

- The ability to marshal resources

  Entrepreneurs constantly need finances, people, and supplies. A successful business owner must know where operating capital can be found and at what price. He or she must also know where and when to hire employees and how much they can be trusted and paid. These entrepreneurial characteristics are critical. The entrepreneur must know how to get what is needed at the right time and the right price if success is to be achieved.

- Sense of adventure, the quest for something new, the willingness to take risks, and the need for independence

  All of these terms relate to an inner feeling that successful entrepreneurs have. Included in the terms is the feeling of wanting to try something new and the courage to take a chance even through bankruptcy is almost a daily possibility. Entrepreneurs seem to know when it is time to try something new.

  Lore Harp's rags-to-riches story describes how she eliminated the displaced feeling she found in being a homemaker. Ms. Harp had quit law school and had turned instead to playing tennis. It just was not enough. Her husband, Bob, had designed a computer memory board that was supposed to be marketed with another company several months earlier. It never happened. He told her, "if you're really that antsy, how would you like to market it?" That was all she needed to hear. Thus the idea was born (Collins 1982, p. 141).

  Here is how one businessman (Rhodes and Jakobson 1981) explained his feelings about being an entrepreneur:

  > I always thought about starting my own company, but at the same time, I always had a lot of security where I was. I was getting promotions and raises regularly. But in 1979, I suddenly understood very clearly that the worst possible thing that could happen to me in my lifetime would be to wake up when I was 70 years old and have to say, "you never even tried." (p. 35)

These feelings exemplify those found in most entrepreneurs. There are some business owners, however, who find that once a business is profitable, the time has arrived to find a new venture, no matter how successful the first enterprise is.

Knowing the characteristics of a successful business owner is valuable to those who will use this knowledge to teach themselves or others who are considering the bold move of starting a new business. Making or helping others make a personal evaluation, determining strengths and weaknesses, and then identifying a plan for either getting into or staying away from entrepreneurial ventures is the process to success.

Once the decision to become an entrepreneur is made, the next decision to make is which industry to select. The question is discussed in the next chapter.

INDUSTRY SELECTION FACTORS

How do industries get started? Who starts them? Who decides what to sell or what service to offer? Why do some industries prosper while others fail? What are the problems and challenges of getting started? Where should an industry be located? When is the right time to start a new industry?

These are appropriate questions with answers that are difficult to find. Nothing is as successful as an idea in the right place at the right time managed by the right people . . . but do all of those things wrong and everyone loses.

Industries usually begin with people and a minimum of capital, facilities, and sophistication. They usually emerge as a result of an entrepreneur's dream . . . a repair shop, a beauty shop, a carpentry business, a cosmetics franchise, a secretarial service center, a door-to-door sales route, a consulting business, a small farm, a lawn care service, a child care center, or a television repair service. The list of possible industries is as long as the list of ideas that entrepreneurs create. This chapter outlines some important factors one should consider when selecting an industry to enter.

Only recently have some publications come forth with suggestions for the selection of industries by entrepreneurs. Most of the literature that discusses this subject does so with the small industry in mind. This is an effort to tailor those ideas to the entrepreneur who wants to experiment with an industry while he or she keeps a regular, full-time job, to the person who wants to supplement his or her income by moonlighting, or to the person who wants to "work at home" while his or her spouse is working away from home.

The literature relating to industry selection factors for entrepreneurs is very sparse. The best of the sources studied for this project was a book designed for women entitled *Extra Cash for Women* (Gillenwater and Dennis 1982)—a publication packed with ideas for people who want to begin an entrepreneurial venture at home. The authors of this book note that one must consider many factors prior to starting a business. They suggest—

- always remembering that the key to business success is planning;
- getting the cooperation of your [spouse], family, and friends;
- having a specific place from which to run your operation;
- planning accordingly if your new home business requires heavy use of the family telephone;
- investigating all the legal requirements for running a home business in your area;
- handling money matters with care;
- keeping accurate records;

- starting on a small scale and suiting your business to your needs; and
- knowing yourself. (pp. 299-303)

Stanford (1982) suggests:

> You can get a lot of ideas from reading . . . these books but after you get the ideas you need to go out and gain some first-hand familiarity. Visit some of the kinds of businesses you would like to consider.

The literature seems to suggest that the prospective entrepreneur must ask himself or herself some tough questions before going into business. Murphy (1982a) states that the questions relate directly to the market, prospects, products, and distribution. Cooper (1980) sums it up this way:

> There are many factors that determine the success or failure of a new enterprise. One determinant of success is the strategy of the business, representing the decision about what products or services are to be offered and what markets are to be served. Unless there is a need for what the business offers, it will not succeed, regardless of how well it is managed. (p. 5)

The following discussion focuses on several important industry selection factors:

- Investigate the reason for initiating a business

  What are some of the real reasons for starting a business? Some reasons might be a need to start a personal career, a need for extra cash, boredom with current career conditions, a need for something else to fill time, an idea that may revolutionize some industry, a friend who would be great to work with, or a service that a person would like to provide for neighbors who are always asking for help. Any of these may be a good reason for starting a new business.

  Establishing a good reason for starting the business is an important part of the groundwork for a new business. Ask and observe. Fledgling entrepreneurs must have some answers before they begin their ventures.

- Identify the options

  Entrepreneurs have three basic options: (1) a totally new business can be created; (2) a franchise can be acquired with corporate management assistance and financial packages; or (3) an existing business can be purchased. Each of these options has success potential that should be investigated thoroughly. Most first-time entrepreneurs begin with the development of their own businesses. The other two options are emerging rapidly, however, as more sophisticated financial packages are becoming available.

- List the possibilities

  Most entrepreneurs find many more potential businesses to start than they ever thought possible. Once the reasons are outlined and decided upon, the entrepreneur has a basis from which to look for possible marketable ideas. Make lists of possibilities. Ask colleagues for ideas. Observe similar industries for ideas that can be used to form important concepts of the new business.

- Get some experience with the possibilities

  In the early stages of deciding on the industry, it is important to identify those who are producing similar goods and services. To do this, the future entrepreneur could do volunteer work, obtain part-time work in some of those industries, arrange interviews with people working in those occupations, and even obtain full-time employment. Many industries are started by those who learned their skills from larger industries.

- Narrow the possibilities to one or two probables

  Sufficient time must be spent learning about many possibles, but someday the list must be narrowed. Ask the "what if" questions. "What if" I selected this industry? "What if" I quit my job? "What if" I mortgaged everything I own?" "What if" I spent all my time at home? "What if" I lost everything I own? A lot of such "what if" questions need answers. Narrowing the possibles to probabilities will provide some answers to those questions.

- Identify the resources (not just money) needed to get this industry started

  Seldom do fledgling entrepreneurs realize the full price of going into business. Resources need to be identified by asking questions and by getting answers to those questions:

  —How much personal time would it take to make this venture work?

  —What effect would this operation have on my family? Would they be required to work in the industry too? Would it risk my marriage?

  —How much money would it take to get started? Where would I get it? At what price?

  —Since getting started is just the beginning, how much money would I need to keep it running? For how long?

  —What do we live on? Is there enough money to run the business and take care of the family too?

  —Where do we house this industry? What are the zoning laws? Are the utilities sufficient to operate the equipment? Are there environmental problems? What about safety?

  —Can we produce the product? Can we meet initial deadlines? Can we get raw materials delivered? Where do I store the raw materials? What about deliveries and parking?

  —Do I have legal assistance? What business papers are needed? Are licenses required? How much insurance is needed and what kind?

- Locate and evaluate the potential competition

  Some ideas seem to take root with more than one person at the same time. Your new industry may also be the "brainchild" of others. Ask questions, obey hunches, and

observe industry trends. Check the telephone directory and speak to colleagues and practitioners. Observe the competition. Is there room for the new industry in the community?

- Make a "go/no-go" decision

  Once the data are in and the groundwork has been done, all of the answers must come together to form that critical decision. One should not let emotions be a part of the decision. Be well versed with cold facts. The ultimate decision should be as objective as possible. Getting professional help from an accountant and/or a lawyer in making the final decision is wise. Identifying the problems before making the investment in the facility or the advertisement of the service is important. A specific "go/no-go" decision is far better than just letting the idea evolve as many entrepreneurs do, many with disastrous results. Entrepreneurs must be in control.

- Plan the opening day

  Take a realistic look at the time needed to put the ideas into action. It takes time to build or remodel and get equipment. Is resignation from current employment necessary? How will that be handled? How much time will it take to put personal affairs in order? Will a loan be needed? Can one be obtained? How long will it take to start the business?

  Get some help in putting a time line together for starting the business. A well-planned start will go far towards keeping things going once the business is on its way. The next chapter discusses the start-up process.

GETTING STARTED IN AN INDUSTRY

The starting of a business is usually a major commitment for entrepreneurs. The process represents great risks. One's life is seldom unchanged by the decision to start a new enterprise. America seems to be filled with people willing to take that step. Cooper (1980) briefly describes the magnitude of the entrepreneurial spirit:

> In America, every person is free to start a business, and a surprising number take advantage of that opportunity. This is reflected in the great number of new firms started every year. As many as 8,400 new corporations are started in a typical week. (p. 1)

Somewhere between the fear of beginning something new and the confidence that one can never fail is the feeling that entrepreneurs should have at the beginning of a new venture. From the literature, it appears that about two out of three new firms close their doors within the first four years of operation. Each of these entrepreneurs had been sure that they would be the exception . . . the one that made it. The figures support the feeling of cautious optimism.

One must hope that there are ways to increase the favorable odds for success in such ventures. While no guaranteed set of instructions for starting a new venture exist, the "tongue-in-cheek" rules are (1) plan for the positive but expect the negative, (2) plan for the routine and expect the unusual, (3) plan for mostly "highs" but be ready for a lot of "lows," and (4) plan for anticipated resource expenditures and prepare to at least double them. Remember that resources refer to *both* finances and personal effort.

Many of the questions essential to starting an industry were addressed in the preceding chapter. If the answers to those questions were favorable, the most difficult part of starting the business is over. There are, however, some critical steps yet to take. The starting of any business, large or small, requires facilities, capital, and people. The initial decision-making process merely brings potential business owners to the point of seeing whether or not plans and dreams can happen.

One of the frustrating parts of the start-up process is the reliance one must have on people outside the entrepreneur's circle: bankers, lawyers, insurance agents, building contractors, inspectors of all kinds, consultants, accountants, customers, and employees. Cooper (1980) commented on the ability of the entrepreneur to handle the advice from such "outside" people:

> More successful entrepreneurs tend to seek advice from outside professionals, such as bankers, lawyers, or accountants. Furthermore, they develop skills in using these professional advisors. This includes learning what specific advice they need and seeking professional help in anticipation of problems. (p. 5)

The start-up process mandates that the entrepreneur take the following steps:

- Make a commitment

  It is essential that a conscious, all-out commitment to begin the enterprise be made. Stanford (1982) expressed it this way:

At some point you commit yourself to the actual launching of an enterprise. Once you have all of your planning and projecting homework done, you can turn yourself to the task of assembling your resources and facilities and beginning your business. (p. 109)

The finalizing of such a commitment makes it possible to get on to other things. Much energy is often wasted in worrying whether or not the venture is going to get started. This decision is basic and does much to enhance all subsequent decisions.

- Have a plan of action

A written plan is important in the development of an entrepreneurial enterprise. Gillis (1980) suggests that the plan should contain the answers to at least the following questions:

—What exactly is your business?

—How are you going to market your product or service?

—Where is the business located?

—What is your track record?

—What kind of time do you expect to put in? (pp. 28-36)

Those who have an interest in the firm will make critical decisions about its future based on this action plan. The sophistication of this plan will do much to make the rest of the start-up process go smoothly.

Golde (1979) suggests that small companies need to plan even more thoroughly than large ones. Few small firms have enough resources to overcome their future problems with aggressive financial force. In addition, few can afford to underwrite the loss that can occur while adjusting to an unexpected change when they depend on a single product or on a few key customers. The benefits of long-range planning include improved lead time, the efficient use of resources, and improved operations.

- Get legal and fiscal help

These types of professional help will cost money. It is important that the entrepreneur know how much these services might cost before getting the help. The legal assistance will help with licenses, start-up papers, and other corporate matters. The financial professional should come from a reputable accounting firm. Even very small industries should be aware of the need for records and an appropriate bookkeeping system.

Competent, relatively inexpensive assistance can be found by checking with educational institutions, the U.S. Small Business Administration, and other people in the same industry. The entrepreneur should get good advice and follow it. The careful selection of advisors can keep the cost of such assistance within an acceptable range.

- Gather the finances

The term "gather" has been selected carefully. Even if the financial backing is being furnished from personal resources, sufficient finances must be accumulated in a rela-

tively liquid state prior to the start-up of the firm. One of the reasons for this process is that money thought to be "easy" to get is not always as easy as anticipated. Only when cash is available in a liquid state is it usable.

Cooper (1980) suggests some sources for getting cash:

> Where do company founders usually get the money to get started? Personal savings appear to be the most important source of funds. Loans from relatives and friends are also a common source. (It has sometimes been suggested that one of the best sources of venture capital is to choose your parents carefully.) Bank loans, which are so important for established small businesses, play a smaller role. (p. 4)

Banks are not easy sources for venture capital. Stanford (1982) suggests:

> Banks do not lend money readily. . . . Banks are extremely careful and require collateral for practically every type of loan. In addition, the bank will want to verify your character as one who is trustworthy. Thus, the three C's of credit that a bank and other lenders commonly observe are: (1) Character, (2) Capacity, and (3) Collateral. (p. 110)

Entrepreneurs at all levels tell horror stories about the money they *thought* they had. Unplanned financial crises cause family turbulence, internal business problems, and many ulcers. Unfortunately, many promises made in the planning stages are not kept when the business is under way. Make sure that you have the necessary finances BEFORE the debts are created and the doors are opened.

- Acquire and prepare the facilities

  A determination of where the industry will be housed and how those facilities will be prepared must be made. It is also important to make sure that local and state inspectors are contacted for appropriate building and site approvals. Machines and equipment are seldom delivered on time, and utilities are often inadequate for the equipment. For instance, there have been cases in which the machines were ordered, installed, and checked out on an individual basis. On the opening day of business, all of the machines were turned on together. Much to the dismay of the owner, there was not sufficient power to run everything at once. In addition to the extra costs and a few cases of heartburn, it took six weeks to repair the inadequacies.

- Select employees and assign tasks

  The owners of small businesses usually do not have much trouble selecting employees and assigning tasks since more often the total work force is represented by the entrepreneur and possibly a spouse. That means that these one or two people must do everything from managing sales, bookkeeping, and production to performing janitorial services. Whatever the scope of the industry, everyone involved must know what is expected of them.

- Determine an opening date

  It is important for the novice business owner to make sure everything is in place and that the opening date is reasonable. Entrepreneurs tell many stories of multiple unmet

opening dates because of unreasonable expectations about facility completion dates, production, and/or training of workers. It is important both to let the public know about the exciting day and to plan for it carefully.

- Open with gusto and fear

  Opening day for an entrepreneurial industry is a lot like opening night on Broadway. Much of the venture's future depends on how well everything goes on this first day. The entrepreneur should display enough gusto to convince people that the business is there to stay. At the same time, the new business owner should harbor enough fear that he or she will work hard and be careful enough to succeed.

  Cooper (1980) concludes his advice on the topic this way:

  > At any time and in every region, some people are in the process of planning or starting a business. Many of these are unsuccessful. However, others represent well-conceived ideas, developed by entrepreneurs who have the preparation, the resources, and the determination to make their businesses succeed. As these entrepreneurs pursue their individual dreams, our society benefits from their hard work, their creativity, and their vitality." (p. 6)

In summary, it is important that a certain series of events occur, and that those events be thoroughly and professionally planned for. The steps mentioned in this chapter are valid although certain details may vary according to local traditions and ordinances. Each entrepreneur must determine the exact steps needed to open his or her business and see that they are carried out.

Vocational and adult educators are encouraged to expose entrepreneurial students to the steps involved in establishing an industry. Most professional people will respond to a request to speak to vocational students and work with them in these matters PRIOR to the time the students are establishing businesses. As soon as an accountant or lawyer becomes involved in the specifics of an industry, a client relationship begins that usually requires a fee. Much free advice and information, however, can be obtained in a classroom setting.

Many entrepreneurs beginning their first business effort walk into financial and legal matters not knowing what to expect. A competent professional can solve many problems. The more the entrepreneur knows about what to expect, the easier such matters can be handled.

A warning should be given to all entrepreneurs. Ignorance of laws, ordinances, or financial procedures is seldom an excuse for not complying with them. It takes a great deal of energy and often much money to correct mistakes that should have been handled before they happened. It is usually cheaper in every respect to do it right the first time.

Once the business is started, it must be kept going. The stabilization and growth of a small business is discussed next.

THE ENTREPRENEURIAL INDUSTRY: COMMUNICATION, STABILIZATION, AND GROWTH

> The vice-president of marketing was sitting in his office, a tiny basement room in an old pool hall. The back wall contained a door three feet off the ground, without steps leading up to it. A red 'exit' sign stuck out among the exposed pipes in the ceiling. ("Luck, Planning Bring Success" 1982, p. 29)

According to the article, the president of this company was twenty-two years old. He and his partner were excited about the new company they had formed. They were pursuing success in computer programming by producing the kinds of unique programs not produced by other companies. Three banks turned down their loan requests, but the fourth granted approval. These two entrepreneurs seemed to be succeeding in a competitive market that turned out to be tougher than they had dreamed.

These two young men paid $400 per month rent on an office in the back of an old pool hall, spent $20,000 on a van equipped with carpeting and a telephone. They worked hard and long to make the venture succeed. It was tough to get all the computers they needed so they ran two shifts of programmers to maximally use what they could afford.

Another *Wall Street Journal* article published on March 16, 1982, said it all in its title: "Inventor Kloss Trying for the Fourth Time to Turn His Ideas into a Healthy Business" (Bulkeley 1982). Mr. Kloss began his business in his basement laboratory and has had some successes and a lot of failures. At fifty-three, he is still working at turning ideas into cash; a long, hard pull.

A third article, this one printed on May 23, 1982, in the *Salt Lake Tribune*, bore the huge headline, "'Expenses' for Business Out of Homes Eliciting Audits by IRS." The article outlines some of the "innocent" errors being made by cottage industry owners that are leading to IRS intervention.

> One tax return flagged last month by the IRS computer in Baltimore illustrates the issue: A distributor claimed more than $11,000 in business expenses while reporting less than $1,000 in sales. The expenses included the use of a car and entertaining at home. The distributor also had a full-time job. The loss was applied against his $52,000 salary.

The literature and newspapers often carry stories of the problems entrepreneurs encounter while trying to stay in business. It is often a letdown, however, when the excitement of getting the cottage industry started subsides and the reality of running the business and making it profitable sets in. These enterprising entrepreneurs find that it is often more fun to get something started than it is to keep it going until the "bugs" are worked out and the industry shows some stability and growth.

Some entrepreneurs want nothing to do with running a business. These people get a business started and then immediately look for a way to sell it. That is not bad strategy if the business is successful and the plans were set in that direction. It is not good if the plans were for that business to mature and grow.

One entrepreneur, an acquaintance of this author, began his adventure in a cottage industry and was so used to doing everything his way that he found it difficult to listen to his advisors in accounting and law. His accountant made this statement after the sheriff's sale had been held on the entrepreneur's business and home:

> When I warned him that he was losing his business a couple of years ago, he looked at me in disbelief and said: "How can we be losing our business when we are taking in over $250,000 a year?" The accountant explained that it was easy. "All you have to do is spend $300,000 that same year."

Real skill is involved in keeping a young industry in business, in stabilizing it, and in making it grow. Perhaps some of the following suggestions will help the budding entrepreneur.

- **Polish your communication skills.** Much of the success of your industry depends on your ability to communicate with employees, professional consultants, customers/clients, suppliers, and yourself. The basic communication skills are probably already in place, but there is always room for improvement. Take some classes, read, observe, analyze, and learn.

- **Keep your bookkeeping work current.** In regards to the financial aspects of a new business, pay your bills on time, watch your cash flow, keep your accounts receivable low in the initial stages of the business (and perhaps forever after), and keep charts about pertinent ratios.

- **Confer frequently with your accountant.** Listen to wise counsel and recognize it when you hear it. Since you are the owner, no one but you makes decisions to cut down here or expand there. If the axe falls, it will fall on you, not on any of your advisors. Keep as much information around you as you can afford and be aware of where you are in your business at all times.

- **Never get in over your head.** This advice is much easier said than done, and refers to the author's experience with entrepreneurs who have over- extended themselves in terms of resources. Actions are often ruled by fear and greed when the finances are not appropriately balanced. Early actions in the face of a serious problem need to be based good, sound judgment. A lack of solvency often increases the possibility of making bad decisions.

- **Establish a consistent, steady development pattern.** This should be done before any expansion is considered. Many new owners get excited about what they see happening and think that the best way to keep things going is to grow. That is not always the case. Determine how long you should maintain a certain size before you decide to expand. Keep good records and analyze them thoroughly. In general, the golden rule of expansion is that you should stick to the size guidelines established in your initial business plan. Decisions made in the wake of quick, explosive success are often fatal.

- **Learn ALL you can about your business.** This may include attending conventions, taking some management, production, or other adult education classes, staying abreast of current trends, and learning from colleagues. It is often wise to join the local chamber of commerce or a local business group. Most entrepreneurs need to become "community-wise" and to become a part of the activities that are going on around them. It is amazing what can be learned in these groups.

- **Establish a planning cycle.** You were cautioned earlier to develop a plan prior to starting your industry. This is a very important step in getting your industry started. Once this initial planning phase is over, however, you will need to establish future plans. With some practical experience in your new business, you now have the background and "feel" for what may or may not be possible. You should have short-and long-range plans. Short-range plans are those plans up to one year away. Long-range plans are usually up to five years or more away. As planning times are established, use them to assess your progress and evaluate your setbacks. Such thinking can do much to aid the development of future goals.

- **Hire employees with extreme care.** Entrepreneurs are prone to hire relatives and friends in the early stages of the business. Most owners are amazed at how many relatives and friends need work as soon as a business is started. Hiring relatives and friends is fine if those people are competent and meet the needs of the firm. Hiring those people when they are neither competent nor needed is disastrous. The cause of industry failure can very often be traced directly to poor hiring policies. Decisions about personnel can be some of the toughest decisions the entrepreneur makes. Make them wisely. A more objective person such as your accountant or lawyer can sometimes provide good suggestions on hiring decisions.

- **Keep accurate records.** A common error entrepreneurs make is that they get so involved with the sales and production part of the business that they forget to keep accurate records. The U.S. Small Business Administration, universities, and certain professional firms in law and accounting have many of the financial ratios and other business data needed for succeeding in the industrial world. The essential bases for all analyses are accurate records.

In summary, the stabilization and growth of an entrepreneurial industry is a ticklish business. Success or failure can rest on every decision. It does not take much to throw such a new business into chaos.

Why do entrepreneurs go into this rigorous environment when everything is so tough? The reason is simple: The rewards for success are great. There is nothing quite like the thrill of working with a business and seeing it succeed. It is yours; you made it work.

Vocational education and adult education are teaching entrepreneurs some skills that should help them succeed. The following comes from a business education article (Jones and Jolley 1979) that describes some of the skills taught in a "Junior Executive Training" program in Arkansas. Such skills are important in the success of entrepreneurial industries.

> Potential entrepreneurs are learning managerial skills in secondary schools in Arkansas through a business education program, Junior Executive Training (JET). An example is the program at Bentonville (Arkansas) High School, which focuses upon the managerial process, considering the functions of planning, organizing, staffing, directing, and controlling as related to the activities and responsibilities of the supervisor or administrator. One tenet of the program is that an individual who is proficient in management is more capable of contributing effectively to the overall goals of any organization. (p. 30)

The related instruction contained in the JET program is in the following areas:

- Management principles
- Investments

- Parlimentary procedure
- Banking
- Consumer education
- Business law
- Note taking
- Memory training
- Public speaking
- Human relations
- Telephone techniques (pp. 30-31)

As the business world becomes more complex, it is increasingly important that entrepreneurs be knowledgeable in as many aspects of their businesses as possible. The suggestions in this chapter may help to ensure success for entrepreneurs. Please remember that one of the thrills of working for yourself is that you make the decisions on the best information you have. Sometimes the decisions are right and sometimes they are wrong. Working hard and staying informed helps ensure that the decisions will be right. Making the business succeed after it has been started can be more fun than getting it started. It just takes a lot of effort . . . and perhaps a little bit of luck.

LEARNING HOW TO BE AN INDUSTRY ENTREPRENEUR

Some writers have said that entrepreneurs are born, not made. The truth seems to lie in a combination of many things:

- The successful entrepreneur needs to have many of the characteristics outlined previously.
- Most successful entrepreneurs have some of these characteristics "naturally" but must work to polish those skills. They work hard at personal development.
- One of the most important characteristics is the *desire* to learn how to improve personal and managerial skills. This is one skill that is nearly impossible to teach.
- Learning resources are available in *every* community. Some are better and more accessible than others.
- The successful entrepreneur is constantly searching for resources that can be used in self-improvement.

It is encouraging to see thousands of entrepreneurs starting their businesses each year. Each person starts that business with a different combination of "success" traits. If an "expert" outsider could be present in the developmental process of each of these new industries, one could probably predict with some accuracy the potential for success or failure even before the business opens its doors.

Fortunately, however, such "experts" are not present to make that kind of judgment. One of the rights each of us has is the right to fail or succeed. Each industrial entrepreneur also exercises that right.

Many educational opportunities are available to entrepreneurs. Educators classify the learning process into at least two major divisions: formal and informal education. For the purpose of this paper, formal education is that which is taught in structured settings such as the classroom or in classroom-related situations. Informal education is the learning that takes place in everyday living. In most cases, it seems that entrepreneurs can succeed on a steady diet of informal education. Few make it with only formal education. The experience in the informal educational setting is important for success.

Entrepreneurs must make the decisions as to where and how frequently this learning takes place. Consider the following:

- **Read something about your work every day.** Just one good idea each day will add tremendously to technical knowledge. The reading can be in the form of technical information, managerial information, communication skill information, or just overall personal development.

- **Find a way to associate with others in your profession.** The greatest idea can die without nourishment. Being too busy with the business is little excuse for not spending time with others who are doing many of the same things you are doing. Visit others at their business establishments, speak with them about their progress, watch what they do, how they market and promote, and make changes. One has to be careful not to give too much away in the form of ideas and suggestions. Usually one gains more than one loses in creating a relationship with competitors. One simple concept observed in the work of others can make quite a difference in an operation.

- **Stay close to others in your community.** Join local business groups, attend social occasions where people you respect will be present, and get involved in civic and church activities. This process help bring you together with people who make their livings in different but related ways. You can learn some tremendous "life skills" from these people. You may even pick up a few customers or clients.

- **Attend classes and seminars periodically.** The adult educational community offers many good resources for learning. Watch for the curricula offerings that can be of some advantage to you. Most industries are moving so rapidly in regards to technology that these classes become an important resource for the entrepreneur just to stay even with current knowledge.

- **Invite students into your business.** This can be done in many ways. You might choose to hire part-time students, participate in cooperative education programs in which teachers (coordinators) come into your business and you get a chance to exchange information with them as well as with the students, or volunteer to speak to vocational groups about the realities of the business world.

- **Investigate local colleges.** There are more than 200 community colleges in the National Small Business Training Network. Their purpose is to provide quality, low-cost training to small business owners/managers. More than twenty states have Small Business Development Centers housed in their state universities. Both of these programs are supported by the Small Business Administration.

Learning how to become an industry entrepreneur is an important part of running a business. Many entrepreneurs have said that establishing a business concept and then making it work is only part of the job. Knowing how to keep it going is the other part. Taking advantage of educational offerings, staying aware of what one's competitors are doing, and being involved in the local community are just some of the many ways of keeping up with the world of business. These efforts pay rich dividends.

APPENDIX

WRITTEN SOURCE MATERIALS FOR ENTREPRENEURS

The following lists include many references to materials that will aid the entrepreneur in starting and operating of a new business. The list was compiled from various sources available from libraries, bookstores, universities, state departments of education, and government agencies. Many of the references came from a handout published by the East Central Curriculum Management Center (ECCMC) located in Springfield, Illinois (East Central 1979).

Books and Reading Material for the Entrepreneur

- *Extra Cash for Women.* Susan Gillenwater and Virginia Dennis. Writer's Digest Books, 9933 Alliance Road, Cincinnati, OH 45242. This text talks specifically to the homemaker women who may be interested in creating a cottage industry. It includes twenty-one chapters full of suggestions for all entrepreneurs.

- *Financial Management.* Stephen R. Lucas, et al. University of Texas, Division of Extension, Instructional Materials Center, Austin, TX 78700. 1976. Includes 132 transparencies and user's guide. $15.00. This transparency set acquaints the learner with the elements of financing a business operation from the smallest one-person shop to the large corporation. This set coordinates with the student manual of the American Enterprise Series.

- *Management Policy.* Melvin J. Stanford. Prentice-Hall, Inc., 160 St. Daniel Street, Florissant, MO 63031. 1979. 625 pp. From the point of view of the general manager, this text looks at the business policy that integrates all of the other functions of business.

- *Marketing for a Small Business.* Evelyn S. Barnes, William M. Jacobsen, and Mary K. Myszka. University of Wisconsin-Madison, 964 Educational Sciences Building, 1025 West Johnson St., Madison, WI 53706. 1979. Includes text and participant notebook. This text categorizes information into the areas of marketing, management, legal, government, finance, physical operations, and production.

- *Opening Your Own Retail Store.* Lyn Taetzsch. Contemporary Books, Inc., 180 North Michigan Avenue, Chicago, IL 60601. 1977. 204 pp. $6.95. This publication identifies specific problems one may have such as: choosing a location, buying fixtures, purchasing stock, planning your advertising campaign, setting up a bookkeeping system, hiring employees, and applying for a loan.

- *Principles of Small Business Management.* William N. Macfarlane. McGraw-Hill Book Company, 1221 Avenue of the Americas, New York, NY 10020. 534 pp. $15.95. This text uses a question and answer format to provide an overview of the major problems a business owner will face.

- *Small Business Information Sources: An Annotated Bibliography.* Joseph C. Schabacker, Ph.D. National Council for Small Business Management Development, University of Wisconsin Extension, 929 N. Sixth Street, Milwaukee, WI 53203. 1976. 318 pp. $10.00. This is a resource, reference, and working document for anyone interested in starting, managing, advising, or conducting research on small business.

- *Small Business Works!: How to Compete and Win in the Free Enterprise System.* Eugene L. Gross, Adrian R. Cancel, and Oscar Figueroa. AMACOM, 135 West 50th Street, New York, NY 10020. 1977. 166 pp. $14.95. This publication tells the business person what business is all about and what s/he must know in order to run a business successfully and competitively.

- *Starting and Operating a Playgroup for Profit.* Susan Chidakel. Pilot Books, 347 Fifth Avenue, New York, NY 10016. 1976. 47 pp. $2.95. This guide covers how to organize a playgroup, licensing, recordkeeping, advertising, and dealing with parents.

- *Successful Small Business Management.* Forrest H. Frantz. Prentice-Hall, Inc., Englewood Cliffs, NJ 07632. 1978. 425 pp. This publication contains the essential principles and theories of business and management to establish a sound foundation for the operation of a successful business.

- *The Development of Curriculum for Minorities in Small Business Ownership and Management, Post-Secondary Level: Final Report.* Del Green Associates. U.S. Department of Health, Education, and Welfare, Office of Education, Washington, D.C. 20000. 1977. Four volumes. The curriculum modules, instructor guides, student information sheets, and materials were developed and designed to enable and promote the successful participation of minorities and females in the entrepreneurial field.

- *The Entrepreneurial Function: Text and Cases on Small Firms.* LaRue T. Hosmer, Arnold C. Cooper, and Karl H. Vesper. Prentice-Hall Inc., 160 St. Daniel Street, Florissant, MO 63031. 1977. 484 pp. This text discusses marketing, operations, financial management, market research, product development, organizational management and control, formation, purchase and expansion of a small company, consolidation of a new company, final outcomes, and careers.

- *The Entrepreneur's Manual: Business Start-ups, Spin-offs, and Innovative Management.* Richard M. White, Jr. Chilton Book Company, Chilton Way, Radnor, PA 19089. 1977. 419 pp. $16.50. This handbook's eighteen chapters are divided into sections coded to meet the diverse needs of different readers. Actual cases of company successes and failures are discussed. It touches base with everything from the concept of the business to hiring the team, venture capital sources, finances, sales, and distribution.

Instructional Materials for the Vocational Educator Responsible for Teaching Entrepreneurial Subjects

- *Instructor's Manual on Interpretation of Small Business Analysis Data: Entrepreneurship Education for Adults—Program Development and Implementing.* Edgar A. Persons and Gordon I. Swanson. University of Minnesota, Division of Agricultural Education, St. Paul, MN 55100. 1978. 63 pp. This analysis report is designed to get information about the business operation so that the operator(s) can improve their management decisions.

- *Minding Your Own Small Business: Final Report.* The Athena Corporation. The U.S. Office of Education, Washington, DC 20000. 1976. By including teacher's manuals and two simulation games, this report provides students, through experiential learning, with the basics needed to decide whether to become small business owners/managers.

- *Owning and Operating a Small Business: Strategies for Teaching Small Business Ownership and Management.* Dr. Robert E. Nelson, et al. Illinois State Board of Education, Dept. of Adult, Vocational, and Technical Education, Professional and Curriculum Development Section, 100 N. First Street, Springfield, IL 62777. 1976. 148 pp. This publication is designed to aid the teacher in providing instruction in small business ownership and management to students who desire the knowledge and skills necessary to start a small business.

- *Small Business Management, Going-Into-Business Modules.* Edgar Persons and Gordon Swanson. University of Minnesota, Division of Agricultural Education, St. Paul, MN 55100. 1978. 356 pp. These modules are designed to be "dropped into" ongoing technical programs or to be offered as a short-term course for adults.

- *Small Business Manager.* Pat E. Diplacido. The Ohio State University, Trade and Industrial Education, Instructional Materials Laboratory, Columbus, OH 43210. 1975. 122 pp. This guide discusses many of the duties of a business manager in terms that are general enough that they are applicable to the operation of any small business.

- *Small Business Owner (Behavioral Objectives).* Jan Danford. Capital Area Career Center, Mason, MI 59934. 1973. 12 pp. These objectives, derived from the real world of occupations, are designed to serve as a resource to educators faced with the task of developing and validating similar objectives for student competency.

- *Starting a Small Business: A Short Course for Entrepreneurs.* Evelyn S. Barnes, William M. Jacobsen, and Mary K. Myszka. University of Wisconsin-Madison, 964 Educational Sciences Building, 1025 West Johnson Street, Madison, WI 53706. 1978. 185 pp. This publication includes an introduction, legal aspects of business, marketing research, merchandise/inventory cycles, estimating cash flow, and securing capital.

- *E.T.C.—Entrepreneurship Training Components.* The Vocational Studies Center, University of Wisconsin-Madison, 1025 West Johnson Street, Madison, WI 53706. The materials include a handbook, resource guide, a core module of basic business skills and thirty-five business-specific modules. Each module contains a student's and teacher's manual that introduce students to the career option of owning specific small businesses related to the seven major vocational education disciplines.

- *PACE—A Program for Acquiring Competence in Entrepreneurship.* Publications Office, The National Center for Research in Vocational Education, The Ohio State University, 1960 Kenny Road, Columbus, OH 43210. This program consists of eighteen competency modules at each of three levels for individual use, instructor's guide for each of the three levels, and a resource guide. Materials provide an orientation to entrepreneurship competencies and emphasize skill-building.

Publications from the U.S. Small Business Administration

Free Publications

Management Aids:

1. MA 4.003 Measuring Sales Force Performance
2. MA 3.001 Delegating Work and Responsibility
3. MA 6.003 Incorporating a Small Business
4. MA 1.007 Credit and Collections
5. MA 2.010 Planning and Goal-Setting for Small Business
6. MA 1.008 Attacking Business and Decision Problems with Break-even Analysis

Small Marketer Aids:

1. MA 2.016 Checklist for Going Into Business
2. MA 1.010 Accounting Services for Small Service Firms
3. MA 2.019 Computers for Small Business—Service Bureau or Time Sharing?
4. MA 1.017 Keeping Records in Small Business

Small Business Bibliographies:

1. #2 Home Businesses

Booklets for Sale

Management Series:

1. #3 *Human Relations in Small Business.* Discusses human relations as the subject involves finding, selecting, developing, and motivating employees. 38 pp. $1.60.
2. #15 *Handbook of Small Business Finance.* Written for the small business owner who wants to improve financial management skills. Indicates the major areas of financial management and describes a few of the many techniques that can help the small business owner. 63 pp. $1.50
3. #20 *Ratio Analysis for Small Business.* Ratio analysis is the process of determining the relationships between certain financial or operating data of a business to provide a basis for managerial control. The purpose of the booklet is to help the owner/manager in detecting favorable or unfavorable trends in the business. 65 pp. $1.80.

4. #27 *Profitable Community Relations for Small Business.* Contains practical information on how to build and maintain sound community relations by participation in community affairs. 36 pp. $1.50.

5. #30 *Insurance and Risk Management for Small Business.* Includes discussions on what insurance is, the necessity of obtaining professional advice on buying insurance, and the main types of insurance a small business may need. 72 pp. $2.10.

6. #32 *Financial Recordkeeping for Small Stores.* Written primarily for the small store owner or prospective owner whose business does not justify hiring a full-time bookkeeper. 135 pp. $2.50.

7. #33 *Small Store Planning for Growth.* A discussion of the nature of growth, the management skills needed, and some techniques for use in promoting growth. Included is a consideration of merchandising and display, and checklists for increasing in transactions and gross margins. 135 pp. $2.50.

8. #34 *Selecting Advertising Media—A Guide for Small Business.* Intended to aid the small business person in deciding which medium to select for making the product, service, or store known to potential customers. Also offers suggestions on how best to use advertising money. 133 pp. $2.75.

9. #38 *Management Audit for Small Service Firms.* A do-it-yourself guide for owner-managers of small service firms to help them evaluate and improve their operations. Brief comments explain the importance of each question in thirteen critical management areas. 67 pp. $1.80.

10. #39 *Decision Points in Developing New Products.* Provides a path from idea to marketing plan for the small manufacturing or R&D firm that wants to expand or develop a business around a new product, process, or invention. 64 pp. $1.50.

Nonseries Publications:

1. *Managing for Profits.* Includes ten chapters on various aspects of small business management (i.e., marketing, production, and credit). 170 pp. $2.75.

2. *Buying and Selling a Small Business.* Deals with the problems that confront buyers and sellers of small businesses. Discusses the buy-sell transaction, sources of information for buyer-seller decisions, the buy-sell process, using financial statements in the buy-sell transaction, and analyzing the market position of the company. 122 pp. $2.30.

3. *Strengthening Small Business Management.* Includes twenty-one chapters on small business management. This collection reflects the experience that the author gained in a lifetime of work with the small business community. 158 pp. $2.75. (Publications 1979).

NOTE: Any of the SBA publications may be ordered from P.O. Box 15434, Fort Worth, TX 76119.

Entrepreneurial Magazines

- *Venture* magazine is available by subscription from—

  Venture Magazine, Inc.
  35 West 45th Street
  New York, NY 10036

- *Entrepreneur* magazine is available by subscription from—

  Entrepreneur Magazine
  2311 Pontius Avenue
  Los Angeles, CA 90064

- *INC.* magazine is available by subscription from—

  INC. Magazine
  38 Commercial Wharf
  Boston, MA 02110

- *In Business* magazine is available by subscription from—

  The JG Press, Inc.
  Box 323
  18 South Seventh Street
  Emmaus, PA 18049

Related Business Magazines

- *Forbes*, a biweekly magazine is available by subscription from—

  Forbes, Inc.
  60 Fifth Avenue
  New York, NY 10011

- *Harvard Business Review*, a bimonthly magazine is available by subscription from—

  Harvard Business Review
  Subscription Service Department
  PO Box 3000
  Woburn, MA 01888

Newspapers

- *The Wall Street Journal*, published five days per week is available by subscription from—

  Dow Jones & Company, Inc.
  22 Cortlandt Street
  New York, NY 10007

Related Weekly News Magazines

- *U.S. News and World Report*, published weekly, is available by subscription from—

  U.S. News Building
  2300 N Street
  Washington, DC

- *Time*, published weekly, is available by subscription from—

  Time, Inc.
  3435 Wilshire Boulevard
  Los Angeles, CA 90010

- *Business Week*, published weekly, is available by subscription from—

  McGraw-Hill, Inc.
  1221 Avenue of the Americas
  New York, NY 10020

- *Newsweek*, published weekly, is available by subscription from—

  Newsweek
  The Newsweek Building
  Livingston, NJ 07039

Additional Publications

- *Business Conditions Digest*, Bureau of Economic Analysis, U.S. Department of Commerce.

- *Dow Jones-Irwin Business Almanac*, Caroline Levine, Executive Editor. Homewood, IL: Dow Jones-Irwin. Revised annually. An almanac listing key business ratios for retail, wholesale, and manufacturing industries; commodities information; employment, wages, and productivity data. Perhaps the most useful portion of the book is a list of business information sources, national and international.

- *Dow Jones-Irwin Guide to Franchises*, Peter G. and Craig T. Norback. Homewood, IL: Dow Jones-Irwin, 1978.

- *Key Business Ratios*, Dun and Bradstreet Corporation, New York, Annual. Two hundred pages of ratios for virtually every line of business such as current ratio, net profit to net sales, collection period, debt, debt to inventory, and many more are provided.

- *National Trade and Professional Association of the United States and Canada*, Craig Colgate, Jr., Editor, Patricia Broida, Associate Editor. Washington, DC: Columbia Books, Inc. Publications. Lists 6,000 associations.

- *OSHA Standards Handbook for Small Business, A Self-Evaluation Checklist*. Chicago, IL: National Safety Council, 1978.

- *Predicasts* (published quarterly), Predicasts, Inc., 11001 Cedar Avenue, Cleveland, OH 44106. Compiled from a wide range of industry publications. This is an indispensable source of planning data.

- *Quarterly Financial Report*, Federal Trade Commission—ESQ., Washington, D.C. This is an excellent primary source of ratios.

- *Robert Morris Annual Statement Survey*. Philadelphia, PA: Robert Morris Associates. Revised annually. A statistical survey of balance sheets, profit and loss statements, and ratios for each are provided by industry.

- *Statistical Report on Mergers and Acquisitions*, Bureau of Economics, Federal Trade Commission, August 1980.

Periodicals

- "Balance Sheet Scorebord . . . Companies . . .," *Business Week*, October. The following data are provided by industry and company: assets, liabilities, current ratio, fixed charge, coverage, five-year cash flow as a percent of growth needs, common equity as a percent of total investment capital, stock price as a percentage of book value, S & P quality rating.

- "Earnings Scoreboard," *Business Week*, last issue of the year. Listed alphabetically by company are stock price, book value, yield, EPS.

- "The Ratios," *Dun's Review*, October. A condensed version of the key business ratios data is given with fourteen different ratios for retailing, wholesaling, and manufacturing. It includes current debt, profit, inventory, and equity ratios.

- "Survey of Buying Power," *Sales and Marketing Management*, July. This is an important source of current statistics for states, counties, and cities of over 10,000 residents. It lists population, effective buying income, total retail sales, and sales of nine retail store groups. Released annually.

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